

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROP SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN LILA TAYLOR**, on January 12, 1999 at 8:00 A.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Rep. Lila Taylor, Chairman (R)
Sen. Mike Taylor, Vice Chairman (R)
Sen. Eve Franklin (D)
Sen. Ken Mesaros (R)
Rep. Ray Peck (D)
Rep. Joe Quilici (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lynn Daily, Committee Secretary
Jim Turner, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Kathy Muri, Acting Administrator of Accounting and Management Support gives testimony for the budget.

EXHIBIT (jgh08a01): Amendments to House Bill No. 72

EXHIBIT (jgh08a02): Accounting and Management Support Division*
See Attachments

Bill Bayless, Administrator of the General Services Division, speaks for the budget

EXHIBIT (jgh08a03): General Services Division; Department of Administration January 1999 Legislative Subcommittee Presentation*

See Attachments

*** Exhibit (2) Attachments**

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Notes from Meeting

Original form taken from exhibit in bold

Accounting Bureau (Page 1)

SBAS Support Unit

- 2 FTE's will mover to MTPRRIME as of July 1, 1999

Director's Office (Page 2)

Board of Examiners

- made up of Attorney General, Secretary of State, and the Governor

LEGAL SERVICES UNIT (Page 2)

Rates: Internal Cost Pool

- provide services only to department

Department of Revenue has proposal to move debt collection from the Accounting division to the Department of Revenue

Steve Austin, Department of Revenue, wants to move the collection agency to the customer service center, and therefore become an internal service fund. They could reduce the commission rate from 12% to 10%.

WARRANT WRITER UNIT (Page 4)

Maintains central payee file

maintained to protect the integrity of information

{Tape : 1; Side : A; Approx. Time Counter : 0 - 30.5}

WARRANT WRITER UNIT (Page 4)

billing done on actual activity

ACCOUNTING AND BUDGET UNIT(Page 5)

Funding

Special Revenue

- financial advisory related costs
- fund legislative presentation

TREASURY UNIT (Page 6)

Functions

Central banking services to all state agencies

- includes competitive bank process

Reconciles state bank accounts to the State's general accounting records

- when the liquor stores went private it cut down the number of banks from 110 to 60

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Funding

Proprietary

- funded through Board of Investments

NETWORK SUPPORT UNIT (Page 6)

RATES

Questions From Members and Responses

CHAIRMAN TAYLOR asks if moving the collection agency would require legislation. **Mr. Austin** says that HB 168, introduced by Rep. Kasten, will do this. **SEN. TAYLOR** wants to know how many people are currently working in the customer service department. **Mr. Austin** says that there are 121.7 FTEs. **SEN. TAYLOR** asks if they are going to lose jobs. **Mary Beth Linder** answers this by saying that the whole program will move intact. **REP. QUILICI** asks if 10% will also be collected on child support. **Mr. Austin** says that it is the same for all debts collected. **REP. QUILICI** asks what happens if they go over the projected revenue. **Mr. Austin** says that if there was more revenue in 1998 they would lower the rate in 1999.

SEN. TAYLOR asks how they arrive at a mailing number of \$0.50 per warrant. **Kathy Muri** says that they use a lotus spreadsheet to look for trends of increases or decreases and then they add in the postage rate. **SEN. TAYLOR** asks if all the costs are down. **Mrs. Muri** says that they are all down. Duplicate costs used to be \$8.00 but now with MTPRRIME it isn't very labor intensive and the cost is down to about \$0.50

{Tape : 1; Side : B; Approx. Time Counter : 0 - 30.5}

REP. QUILICI asks how does proprietary review evaluate rates and see if they are justified. **Mrs. Muri** says that they do this on a quantity basis and during a biennial review.

SEN. TAYLOR asks if the GABA bill is in the amendment to HB 72 and why it is not in the teaching retirement system. **Mary Beth Linder** says that the GABA bill is in this amendment and it is here because it has to be somewhere where you can vote on it individually. **SEN. TAYLOR** says that you are now telling local government that they have to pay this. **Lois Menzies, Director of the Department of Administration**, says that it is an obligation of the general fund to pay more.

***Exhibit (3) Attachments**

Notes from Meeting

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Original form taken from exhibit in bold

Organization (Page 4)

Leasing Officer

- deals with space units

Maintenance Section

- one part time employee for recycling

Major Projects (Page 5)

Energy Retrofit

- replacing windows, electrical systems, re-balancing light fixtures, etc.

Other Accomplishments (Page 6)

"Recommissioned" three facilities

- check thermostats, dampers, etc.

Tried to co-locate some facilities in leased space

Added Responsibilities (Page 7)

(188,000 Square Feet Total)

- about 15% increase

Recycle Montana (Page 9)

not a money making aspect

- trying to minimize loses

General Services Division Budget Comparisons (Page 10)

Other Services

- contracted services

\$1,907,243

- related to increase in space responsibilities

G.F. Rent

- General Fund

Utilities

- have gone up due to additional space and for air conditioning the capital during the renovation

CBF Maintenance

- capital building fund

Relocation Costs

- deleting this request
- would like to transfer to the ISD

Lease/Purchase

- originally a debt service transferred from OPI

General Services Division Funding Sources (Page 11)

General Fund

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- =General Fund rent + \$32,400 (for OPI payment)

Expenditure Impact on Rental Rates (Page 12)

all contracts competitively bid
Mary Coster speaks for the day care issue.

EXHIBIT(jgh08a04): Child Care Program for State Employees

Questions From Members and Responses

REP. QUILICI asks what the facility is bringing about the new 188,000 square feet. **Bill Bayless** says that it is the aviation support building and the OPI building.

CHAIRMAN TAYLOR asks how the state acquired the building at the airport. **Mr. Bayless** says that it was a military support building and they built a new building and the state acquire the old one. The state had to make a deal with them, in case of a national emergency, the military will be able to move back in.
{Tape : 2; Side : A; Approx. Time Counter : 0 - 30.7}

REP. PECK asks where the space for the day care would come from. **Mary Coster** says that there is a school in the area not being used and that they have also looked at some houses. State employees would not be displaced to make room for the day care. **SEN. MESAROS** asks how much space is actually needed. **Mrs. Coster** says that for 30-50 children it would require 3,000-4,000 square feet. **CHAIRMAN TAYLOR** asks how this would work for state employees outside of Helena. **Mrs. Coster** says it is a pilot program and if it is successful, they will look at implementing it elsewhere. During a study, they found that having child care close to the work place aid in the productivity of employees.

CHAIRMAN TAYLOR asks what is stored in the Warehouse. **Mr. Bayless** states that they rent the space to various agencies and they can store whatever they want.

Brett Dahl, the Administrator for the Risk Management and Tort Defense Division, gave testimony for the budget.

EXHIBIT(jgh08a05): Risk Management & Tort Defense Division;
Budget Presentation 2001 Biennium*

Questions from Committee Members and Responses:

SEN. TAYLOR asks how long Mr. Dahl has been the administrator. **Mr. Dahl** says 8 years.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 30.7}

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CHAIRMAN TAYLOR asks if they cover claims if something state-owned is hit on the Interstate. **Mr. Dahl** says it depends on the state's right of way and unique factors and circumstances.

EXHIBIT(jgh08a06): Risk Management and Tort Defense Division
Self- Insurance Fund Activity Fiscal Years 98 - 2001 Appendix
I

John McEwen, State Personnel Administrator, speaks for the budget.

EXHIBIT(jgh08a07): DOA State Personnel Division Budget
Presentation Fiscal Years 2000 and 2001

EXHIBIT(jgh08a08): Frontiers Montana's Competency Project
Progress Report May 1998

Organization (Page 1)

State Employment Group Benefit Advisory Council

- people throughout state government and 2 union leaders

{Tape : 3; Side : A; Approx. Time Counter : 0 - 30}

Division Programs (page 1)

Employee Benefits

Employee Assistance

- contract that enables supervisors and managers in dealing with employee problems
- mental health focus program

Flexible spending

- employee ability to defer spending into accounts
- medical and child services

Numbers and Highlights FY 98/99 (Page 4)

\$289.27 average monthly expenditure per member

- card holders in plan about 13,600

Chose a long term care insurance provider

- first time offered employee parents and parents in-law are also eligible

YCHP

- Yellowstone Community Health Plan

Division Funding - General Fund (Page 5)

- 22.5 FTEs

Amy Sassano says the Statewide MT PRRIME employees are on loan from the state agencies and are funded by the respective agencies.

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Mary Beth Linder says as a result these offices are under staffed.

Questions from Committee Members and Responses:

REP. PECK asks if there is any incentive to take training classes. **Mr. Dahl** says it gets the employers to recognize their experience as managerial credit.

EXHIBIT (jgh08a09): Winter 99

{Tape : 3; Side : B; Approx. Time Counter : 0 - 30.3}

REP. QUILICI asks how do the other state employers around the state get to these classes. **Mr. Dahl** says they are only in Helena this winter and they are out on the road spring, summer, and fall.

REP. PECK asks if they use informational TV. **Mr. Dahl** says they occasionally use METNET. **REP. PECK** asks if a new employee wants to take employee training would they get to do this on state time. **Mr. Dahl** says yes.

REP. QUILICI asks about the TESSARACT system. **Mr. Dahl** says it supports benefits only and will be shut down. They will no longer pay the maintenance fee or for the staff.

Marvin Eicholtz, Administrator, speaks for the budget.

EXHIBIT (jgh08a10): Procurement and Printing Division

Energy Procurement (page 2)

Deregulated Purchase of electricity and natural gas

- saved about \$1 Million per year

Purchasing Card for automated processing of small purchases

- items under \$5,000

Publications and Graphics A-156 (page 3)

Legislative Printing

- 12 Million impressions

Central Mail - Issues Cont. (page 5)

we are borrowing for cash flow

- from General Fund

Procurement Solutions (page 7)

Global advantages

one warrant

- vendors pay in 2 or 3 days

Procurement Solutions Cont. (page 7)

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Why switch? Proper Accounting for situation

- not mandated program

{Tape : 4; Side : A; Approx. Time Counter : 0 - 30.3}

Questions from Committee Members and Responses:

CHAIRMAN TAYLOR asks if MPC came and requested. **Mr. Eicholtz** says yes. One vendor in Helena participates to a small degree.

Jim Turner says most of the reason the state wants to switch to State Special Revenue is to avoid the requirement that the program recover all costs. However, private businesses don't necessarily break even or make money in the first three years so it is reasonable to allow the program a "startup" time.

REP. PECK asks how State Special Revenue and Internal Service Funds differ. **Jim Turner** says State Special Revenue is appropriated by the legislature and Internal Service Funds just change rates and may act like a business. Internal Services allows the legislature to determine whether a program is a valuable function and if year after year they still need a subsidiary then they shouldn't be around.

{Tape : 4; Side : B; Approx. Time Counter : 0 - 13.0}

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ADJOURNMENT

Adjournment: 11:57 A.M.

REP. LILA TAYLOR, Chairman

LYNN DAILY, Secretary

LT/LD

EXHIBIT (jgh08aad)